

# **Minutes Of The Board Of Trustees City Of Cincinnati Retirement System July 7, 2005**

The Chairman called the meeting to order at 1:30 p.m. with the following members present:

V. Daniel Radford, Chairman  
William Moller, Secretary  
Valerie Lemmie, City Manager  
Joe Harrison  
Brian Pickering  
Ely Ryder  
Marijane Klug

## **Members Absent**

Mayor Charlie Luken  
John Cranley, Councilmember  
Michael Rachford

The Chairman called for a motion to approve the minutes of the June 7, 2005 Board Meeting. The motion was made by Mr. Pickering, seconded by Mr. Harrison and carried by the Board. The minutes were approved as prepared by the Secretary.

## **BENEFITS COMMITTEE**

Mr. Harrison, Chairman, Benefits Committee, reported that there was not a quorum for the Benefits Committee meeting scheduled for June 30, 2005, but a discussion was held on various issues. Mr. Harrison presented the following report to the Board.

1. Application for Ordinary Retirement July 2, 2005: Total – 22

<b>NO.</b>	<b>NAME</b>	<b>DEPARTMENT</b>
33926	Deborah Thacker	Community Development
37871	Blanche Kabengele	University of Cincinnati
37930	Rena Wood	University of Cincinnati
38329	Geralyn Takarsky	MSD
39683	Jackie Abernathy	University of Cincinnati
39908	Arthur Puening	Water Works
40623	Carol Cantor	Parking Facilities
40732	Ernest Bird	Parking Facilities
41032	Michele Bell	Recreation
41820	Dorothy Heard	Health
41980	Huston Staley	Water Works
42138	Jerome Takarsky	Police
42475	Lesllyn Falcone	Police
43445	Brenda Mills	University Hospital
43460	Gail Thatcher	University of Cincinnati
43546	Thomas Huff	Water Works
44200	Jeffrey Brumfield	MSD
45807	Lawrence Rueve	MSD
48450	Gerard Hyland	Community Development
48444	Lois Smith	MSD
51047	Terry Foster	MSD
59092	Kent Ryan	RCC

2. Application for Retired Members Deaths: Total – 15

Mr. Harrison reported that there was 1 disability retirement that was denied. Mr. Harrison moved that the Board accept the report of the Benefits Committee. The motion was seconded by Mr. Ryder and carried by the Board.

### **INVESTMENT COMMITTEE**

Mr. Moller reported that the Investment Committee met on June 3, 2005. The Committee met with Mr. Robert Arnott and Mr. David Hennessey from Research Affiliates LLC. Mr. Moller indicated that they presented the Committee with an interesting presentation on an enhanced index product that the Committee may want to keep in mind for future reference. Mr. Arnott has developed an enhanced index product where the stock weightings are based on fundamental measures instead of cap-size. Mr. Arnott stated that because traditional indexes are cap-weighted, they will automatically over-weight the over-valued stocks and they will underweight the under-valued stocks. Mr. Arnott believes that on a long-term basis, his fundamental index will out-perform traditional index products by 200 basis points.

## **SECRETARY'S REPORT**

Mr. Moller reported that the asset value of the fund was \$2.36 billion as of May 31, 2005, a decrease of about 1.5% year-to-date. Mr. Moller also reported that the asset allocations are all within their target ranges.

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 189
2. Resolution for Return of Contributions & Death Benefits– Total: 27  
Amount: \$85,335.33
3. Resolution for Loans to Members – Total: 90 Amount: \$886,598.63
4. Report on Deaths of Pensioned Members – Total: 17

The Secretary submitted the following vouchers for payment:

<b>PAYEE</b>	<b>AMOUNT</b>
North American Security Solutions Inc. – Payment for background checks for fund manager	\$320.00
All Star Personnel Inc. – Temporary Personnel Services	\$1,380.77
Mercer Human Resource Consulting – Professional Services Rendered	\$96,721.00
Diamond Travel & Consulting Inc. – Reimbursement for Air travel expenses for R. Hardin and R. McNeil, for conference in NY, NY	\$971.80
Parman Group Inc. – Disability Evaluations Reports	\$916.65
Michael Rachford – Reimbursement for lodging during conference in Las Vegas, NV – May 5-12, 2005	\$1,236.06
ABS Business Products Inc. – Monthly rental base rate for copier	\$180.60
Business Information Solutions Inc. – Storage of CRS files	\$75.03
All Star Personnel Inc. – Temporary Personnel Services	\$836.56
Keith Giles – Reimbursement for CRS supplies	\$6.50
Joe Harrison – Reimbursement for parking and taxi fare incurred during conference attended May 5-12, 2005	\$83.66
J. Rita McNeil – Reimbursement for lodging expenses incurred at conference June 9-10, 2005 in NY, NY	\$1,005.75
John Walsh – Reimbursement for CRS supplies	\$5.76
All Star Personnel Inc. – Temporary Personnel Services	\$860.93
City of Cinti – Printing Services – Billing for charges for May 2005	\$4,551.27
Mae Consulting Inc. – Professional Services Rendered	\$780.00
Parman Group Inc. – Disability Evaluation Reports	\$749.20
Paul T. Hogya, M.D. – For Disability Examinations	\$695.00
Levi, Ray & Shoup, Inc. – PensionGold Software and Maintenance	\$129,416.84
Roshani Hardin – Reimbursement for travel expenses during conference June 9-10, 2005, NY, NY	\$855.75

School Employees Retirement System – Reciprocity payment for prior service credit for Marilyn Ramsey	\$2,352.28
State Teachers Retirement System – Reciprocity payment for prior service credit for Donna Mire	\$12,558.50
Ohio Public Employees Retirement System – Reciprocity payment for prior service credit for William Kaidy	\$31,135.20

The Secretary reported that at the close of business June 30, 2005, there was in the Treasury to the credit of the Retirement System the amount of \$1,781,216.13

**Asset Valuation:**

- December 31, 2004: \$2.40 billion
- May 31, 2005: \$2.36 billion
- YTD Increase (Decrease): (1.46%)

**Current Asset Allocation: (Policy Objective)**

- Domestic Equity: 49.7% (50%)
- International: 13.5% (13.5%)
- Fixed Income: 33.2% (33.5%)
- Alternative Assets/Treasury Cash: 3.6% (3%)

**PENDING BUSINESS**

Mr. Moller reported that the date for the presentation of the asset/liability study has been set for September 1, 2005. The meeting will be held off-site and will begin around noon.

Mr. Pickering reported that he is in the process of obtaining strategic plans from the other large Ohio funds in order to help draft a strategic plan for the CRS.

Mr. Moller reported that the Citizen Representative Search Committee does have one potential candidate to replace John Bowling as the citizen member. Mr. Moller advised the Board members to submit any potential candidates they may have to the Committee as soon as possible.

Ms. Deborah Wyler from the City's Law Department stated that a representative from Grant & Eisenhofer would be present at the August Board meeting to present information and discuss the settlement recommendation on the Worldcom suit.

Mr. Harrison reported that the ballots from the election for a member representative were counted on June 14, 2005, and the results of the election were as follows: Mike Rachford: 1,244 votes; John Brazina: 518 votes; Write-in votes: 15, and in-valid ballots: 102. Total ballots submitted: 1,879.

## **NEW BUSINESS**

Mr. Moller reported that a memo on the Medicare D (prescription drug coverage) which becomes effective January 1, 2006 has been sent to the Mayor and City Council. Mr. Moller also indicated that the CRS staff is working with Mercer Human Resource Consulting to prepare communications materials for CRS retirees who are eligible for Medicare benefits. The first communication is scheduled to go out in late July or early August.

Mr. Moller provided a copy of the memo sent to City Council regarding the required employer contribution rates for 2005 and 2006. Mr. Moller reported that a similar notification will be forwarded to the closed groups.

Mr. Moller also provided a copy of the legal opinion recently issued by the Law Department on retiree healthcare benefits. Ms. Wyler commented that medical benefits are not “vested” and can be modified by City Council. The legal opinion indicates that City Council does have the authority to implement similar cost sharing changes to the retiree healthcare plan as those that have recently been made to the active employee’s healthcare plan. Ms. Wyler also stated that the language in the C.M.C. that provides retirees with the healthcare benefits “of the type and to the extent as is provided for city employees” does not require the retiree healthcare plan to be identical to the employee healthcare plan. Mr. Wyler commented that the retiree healthcare plan should be at least as comprehensive as the plan offered to active employees.

Mr. Radford commented that he recently attended the Market Makers pension conference, and his discussions with other funds indicate that the CRS is dealing with the same problems as all other funds, particularly the rapidly increasing healthcare costs. Mr. Radford said the financial health of the CRS is at the very top end when compared with other funds, but the return assumption of 8.75% is not realistic. Mr. Moller stated that he recently attended the national Government Finance Officers Association conference, and his discussions with other public pension plans also indicate the 8.75% return assumption is at the very high end. Mr. Moller stated that most of the other funds had return assumptions in the 8% range.

Mr. Moller reported that Ohio PERS recently implemented contribution increases for both the employees and employers. Effective January 1, 2006, the member contribution will increase from 8.5% to 9.0% and the employer contribution increases from 13.55% to 13.70%.

## **ADJOURNMENT**

Upon request of the Chairman for a motion to adjourn, the motion was made by Ms. Lemmie, and seconded by Mr. Harrison and carried by the Board. The meeting was adjourned at 2:05 p.m.

